

Message Text

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EO 11652: GDS

TAGS: PFOR PN PQ US

SUBJ: HIGHLIGHTS OF 418TH PRC MEETING, FEB 11

1. TREATY AFFAIRS: AMBASSADOR REPORTED ON HIS CONSULTATIONS IN DEPARTMENT DURING PREVIOUS WEEK WITH PARTICULAR REFERENCE TO WASHINGTON ATTITUDES TOWARDS NEGOTIATIONS AND RECENT GOP-PRIVATE SECTOR CONFRONTATION. AMBASSADOR SAID INITIAL SESSION OF CURRENT NEGOTIATING ROUND WAS HELD ON CONTADORA ISLAND ON FEBRUARY 9 AND PRELIMINARY REPORT WAS THAT IT HAD BEEN USEFUL MEETING. MEANWHILE, GEN. DOLVIN AND HIS SUPPORT STAFF HAVE BEEN MEETING WITH PANAMANIAN GROUP TO REACH CLEARER UNDERSTANDING OF EACH PARTY'S LANDS AND WATERS PROPOSALS AND MORE PRECISE DEFINITION OF MAPS. AMBASSADOR STATED REPRESENTATIVES SULLIVAN AND METCALFE HAD ASKED AMBASSADOR BUNKER TO APPEAR BEFORE CONGRESSIONAL COMMITTEE. GOVERNOR SAID HE WOULD BE IN WASHINGTON FOR APPROPRIATIONS HEARINGS AND ALSO EXPECTED TO BE INVITED TO APPEAR.

2. SECRETARY'S TRIP TO LA: AMBASSADOR OUTLINED SECRETARY'S ITINERARY DURING FORTHCOMING TRIP AND PLANS FOR HIS MEETING WITH CENTRAL AMERICAN PRESIDENTS AND GEN. TORRIJOS WHILE IN SAN JOSE.

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3. WATER RATES: COPIES OF NEW FONOFF NOTE ON WATER RATES

WERE DISTRIBUTED TO GOVERNOR AND CINC. AMBASSADOR STATED FONOFF POSITION IS THAT RATES FIXED IN 1960 THROUGH EXCHANGE OF NOTES CANNOT BE CHANGED EXCEPT THROUGH NEGOTIATIONS. HE COMMENTED THAT FONOFF NOTE IGNORES FACT THAT RATES WERE IN FACT RAISED SINCE 1960 AND THAT NEGOTIATIONS HAVE BEEN CONDUCTED WITHOUT SUCCESS OVER PAST YEAR AND A HALF. AMBASSADOR REQUESTED PANCANAL SUGGESTIONS TO INCORPORATE IN EMBASSY REPLY TO FONOFF.

4. PANCANAL FINANCIAL SITUATION: GOVERNOR GAVE LONG REPORT ON RECENTLY CONCLUDED BOARD OF DIRECTORS MEETING WHICH APPROVED AS SERIES OF AUSTERITY MEASURES AND REQUESTED STUDY OF A NUMBER OF OTHER ACTIONS DESIGNED TO REDUCE ANTICIPATED SUBSTANTIAL DEFICITS FOR PRESENT AND NEXT FISCAL YEARS. DEFICITS RESULT FROM COMBINATION OF SERIOUS EROSION OF INCOME (FEWER TRANSITS) AND INFLATIONARY INCREASE IN COSTS. CONSULTATIONS WITH LABOR UNIONS AND CIVIC COUNCILS ON THE PROPOSED ACTIONS HAVE DEMONSTRATED STRONG OPPOSITION TO REDUCTION OF BENEFITS AND THERE IS OPEN TALK AMONG EMPLOYEES OF STRIKE OR SLOW-DOWN.

5. GUATEMALAN DISASTER: CINC DESCRIBED MAJOR RELIEF EFFORT FOR GUATEMALAN EARTHQUAKE VICTIMS IN WHICH SOUTHCOM PLAYING MAJOR ROLE. CINC REPORTED WIDESPREAD DESTRUCTION OF ROAD NETWORK GREATLY COMPLICATES DELIVERY OF RELIEF SUPPLIES AND SAID RECONSTRUCTION PHASE AFTER EMERGENCY RELIEF COMPLETED WILL BE MAJOR UNDERTAKING.

6. FULL MOON: CINC EXPRESSED SATISFACTION SO FAR WITH COMMAND POST EXERCISE IN WHICH SOUTHCOM, PANCANAL AND EMBASSY ARE CURRENTLY PARTICIPATING.

7. SOUTHCOM REDUCTION IN FORCE: CINC SAID SOUTHCOM ALSO FACED WITH AUSTERITY SITUATION AS RESULT OF DOD BUDGET CUTS AND PROBABLE LOSS OF SOME 350 JOBS BY ARMY ELEMENT IN CZ STARTING FY 1977. CINC SAID PANAMANIAN EMPLOYEES WOULD BE MOST SERIOUSLY AFFECTED.

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